

# MARKET UPDATE

**14/02/2023**

## **Asian shares edge higher ahead of U.S. inflation data**

Asian shares edged higher on Tuesday, tracking a rebound on Wall Street ahead of a key U.S. inflation report, while the yen recouped losses against a sluggish dollar as Japan nominated a new central bank governor in a closely watched decision.

The bounce, however, is set to taper off in Europe, with the pan region Euro Stoxx 50 futures remaining largely flat. Both S&P 500 futures and Nasdaq futures were off 0.1%.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan rebounded 0.3%. Japan's Nikkei rose 0.6%.

Chinese shares wobbled, with the blue chips losing 0.4% and Hong Kong's Hang Seng Index easing 0.2%.

In some positive news for markets, U.S. Secretary of State Antony Blinken is considering meeting top Chinese diplomat Wang Yi at the Munich Security Conference this week.

That marks a slight easing of tensions between the world's two largest economies, after the United States shot down what it said was a Chinese spy balloon and other flying objects of unknown origin.

## **Asia FX cautiously higher as dollar retreats before CPI data**

The U.S. dollar edged higher in early European trade Monday, trading close to a five-week high ahead of the week's keenly awaited U.S. inflation data, which could provide more clarity about the Federal Reserve's rate hike path.

At 03:05 ET (07:05 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 103.640, not far removed from last Tuesday's high of 103.96, the strongest level since Jan. 6.

Tuesday sees the release of the latest U.S. consumer price index, which is expected to show that monthly rates ticked up in January, but the annual measures declined.

Traders appear to be favouring the greenback protectively ahead of the CPI report, after revisions to the previous data set showed consumer prices rose in December instead of falling as previously estimated. Friday's University of Michigan survey also showed a one-year inflation outlook above January's final number.

## Binance's native token falls sharply as regulatory concerns mount

Binance's native token led losses among major cryptocurrencies on Tuesday amid fears of a U.S. crackdown against the exchange's affiliates, while fears of more regulatory scrutiny also weighed on broader cryptocurrency markets.

Binance's BNB token slipped over 7% and was trading close to a one-month low. The token was trading down over 10% in the past seven days, as media reports showed that Paxos, a U.S. firm that issues tokens for the world's largest crypto exchange, was the target of heavy regulatory scrutiny.

The Securities and Exchange Commission (SEC) this week flagged potential regulatory action against Paxos over its minting of the Binance USD (BUSD) stablecoin, calling it an unregistered security. The move came shortly after Paxos was ordered by the New York Department of Financial Services to stop minting BUSD tokens.

On-chain data showed that Binance was seeing a significant spike in withdrawals and BUSD redemptions after the move.

The regulatory action represents a significant headwind to Binance in capturing market share in the highly lucrative stablecoin space. But it also comes amid a U.S. Department of Justice investigation into Binance over potential money laundering and sanctions violations, as well as increased regulatory scrutiny of the exchange's U.S. banking partners.

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